

LOW GRAIN PRICES

Abundant world supplies of grain combined with slow growth in demand is resulting in a windfall for the poultry industry. Relatively low grain prices could persist throughout the rest of this year and possibly into next year as well. Futures prices for December show corn 22% lower than the highest price for those futures and soybean meal 17% lower than the highest price. This could be the beginning of a bear market that takes those prices even lower.

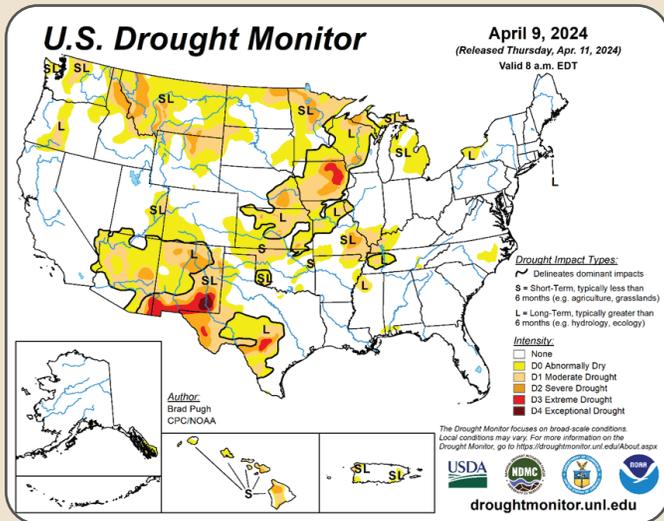
December 2024 Futures Corn Price in Chicago

Highest Price	\$ 6.05 bushel	\$ 240/metric ton
Price Now	\$ 4.71 bushel	\$ 187/metric ton

December 2024 Futures Soybean Meal Price

Highest Price	\$ 417 per short ton	\$ 459/metric ton
Price Now	\$ 346 per short ton	\$ 380/metric ton

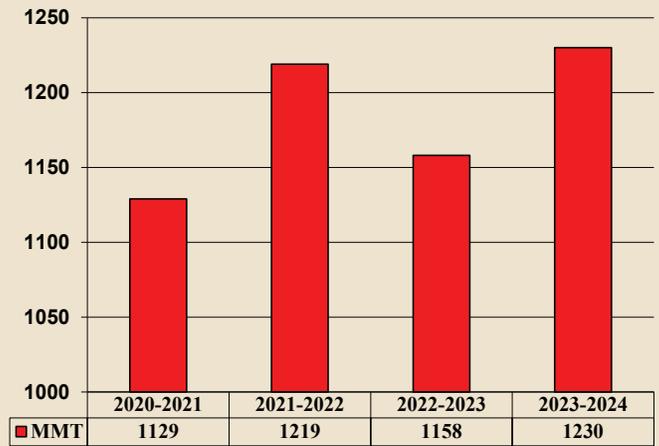
Prices could, of course, reverse direction if there is a drought in one or more of the important growing areas. Argentina had a severe drought last year which affected production, but Brazil made up for the shortfall. This year, Argentina had better, but not perfect, weather while Brazil had worse weather. The combined total production of the two countries continues to grow. The US flirted with a drought last year but managed a good harvest. It is too early to be sure about this year, but the drought monitor below shows at least the eastern part of the Corn Belt in good shape.



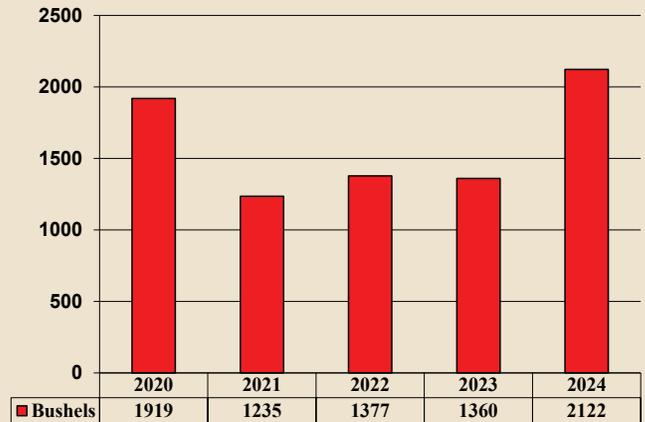
Corn

World corn production rose this crop year (2023-2024) due to increases in the US, China, and Argentina. With higher production and higher ending inventory, prices averaged less than last crop year. The average farm price in the US for last crop year was \$6.54 per bushel (\$262 per metric ton). The average this crop year will end up less than \$5.00 (\$200 per metric ton) and could be even lower next crop year. An average price of \$4.00 (\$160 per metric ton) is a plausible prediction should the weather cooperate.

World Production of Corn Million Metric Tons

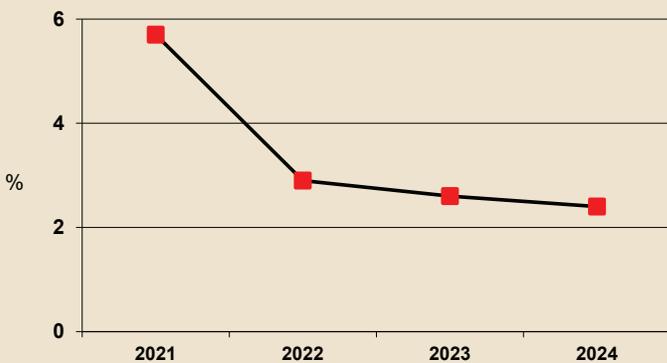


World Ending Stock of Corn USDA - Metric Tons

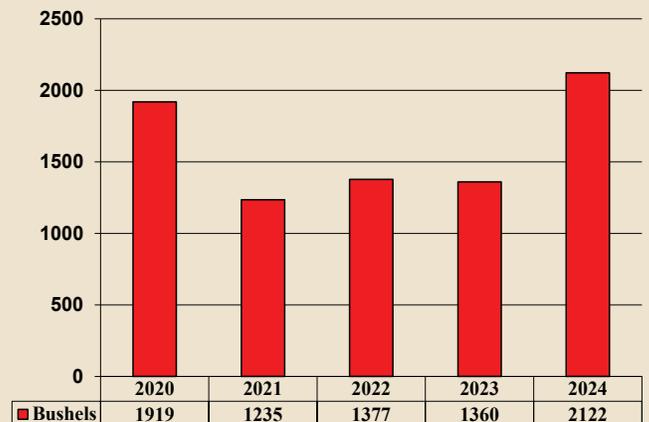


When will the bear market in grain bottom out? The bottom of the bear market might not come until crop year 2025-2026 as the world economy continues to be sluggish and supplies remain ample. The World Bank expects that the half decade of 2020 to 2025 will have the slowest world economic growth in 30 years.

World Economic Growth World Bank



US Ending Stock of Corn Millions of Bushels



**Argentina Corn Supply and Demand
WASDE April - Million Metric Tons**

	2021-2022	2022-2023	2023-2024
Harvest	50	35	55 *
Imports	0	0	0
Exports	36	24	42
Ending Inventory	1	1	1

Note: Predictions published in Argentina suggest only 50 MMT

**Brazil Corn Supply and Demand
WASDE April - Million Metric Tons**

	2021-2022	2022-2023	2023-2024
Harvest	116	137	124
Imports	2	1	1
Exports	47	56	52
Ending Inventory	4	10	6

**Ukraine Corn Supply and Demand
WASDE April - Million Metric Tons**

	2021-2022	2022-2023	2023-2024
Harvest	42	27	30
Imports	0	0	0
Exports	27	27	25
Ending Inventory	5	2	3

**China Corn Supply and Demand
WASDE April - Million Metric Tons**

	2021-2022	2022-2023	2023-2024
Harvest	273	277	288
Imports	22	19	23
Exports	0	0	0
Ending Inventory	209	206	212

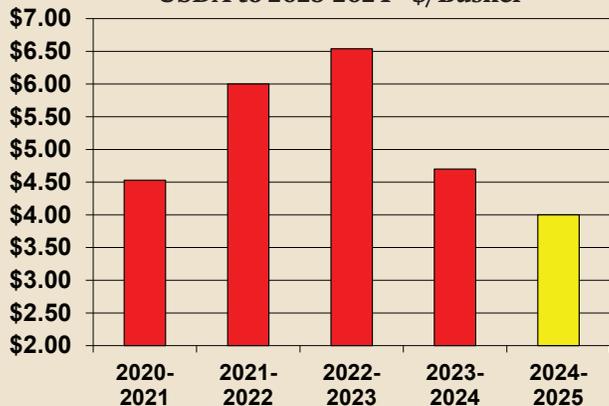
**US Corn Supply and Demand
WASDE April - Million Metric Tons**

	2021-2022	2022-2023	2023-2024
Harvest	381	346	390
Imports	1	1	1
Exports	62	42	53
Ending Inventory	35	34	54

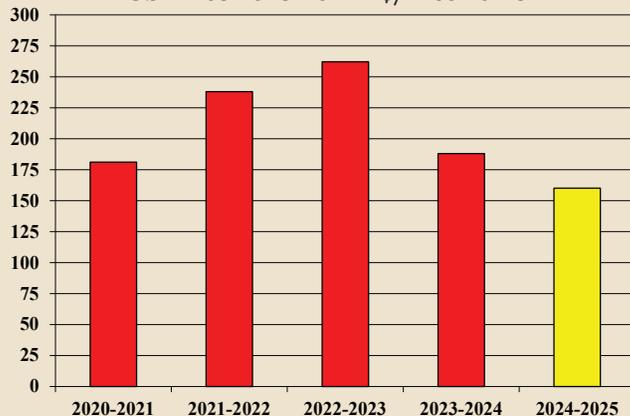
**US Corn Supply and Demand –
WASDE April Millions of Bushels**

	2021-2022	2022-2023	2023-2024
Harvest	15,074	13,651	15,342
Supply Total	16,333	15,066	16,727
Ethanol	5,328	5,176	5,400
Exports	2,471	1,661	2,100
Feed	5,717	5,487	5,700
Total Use	14,956	13,706	14,605
Ending Inventory	1,377	1,360	2,122
Farm Price	\$6.00	\$6.54	\$4.70

**Average US Farm Price of Corn
USDA to 2023-2024 - \$/Bushel**



**Average US Farm Price of Corn
USDA to 2023-2024 - \$/Metric Ton**



Soybeans

Production in South America increased 10 MMT last crop year despite a severe drought in Argentina. The enormous capacity of Brazil to increase soybean production negated the effect of the drought in Argentina. This crop year will see an even larger increase in South America with much higher production in Argentina and slightly lower production in Brazil.

South America is now in control of the world soybean market. The exports of beans and meal combined from South America are 2.5 times as high as exports from the US. As a result, the most important clues as to what will happen to the future supply of soybeans and SBM now come from South America. Continued rising production in South America suggests that the US benchmark price of soybean meal will average no more than \$380 in this current crop year (\$418 per metric ton), as the USDA suggests, and may drop further next crop year.

**Argentina Soybean Supply and Demand
WASDE April - Million Metric Tons**

	2021-2022	2022-2023	2023-2024
Harvest	44	25	50
Imports	3	9	6
Exports Beans + Meal	31	25	29
Ending Inventory	24	18	26

Note: Production in Argentina last crop year was lower due to drought.

**Brazil Soybean Supply and Demand
WASDE April - Million Metric Tons**

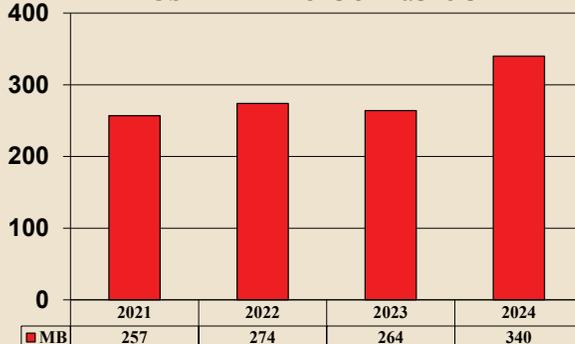
	2021-2022	2022-2023	2023-2024
Harvest	125	162	155
Imports	1	1	1
Exports Beans + Meal	100	116	124
Ending Inventory	21	37	33

**US Soybean Supply and Demand
WASDE April - Million Metric Tons**

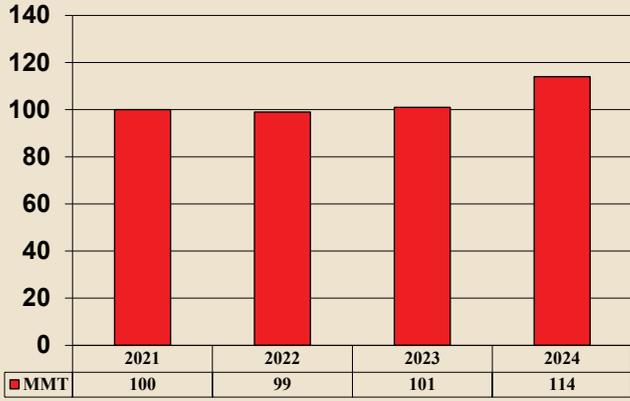
	2021-2022	2022-2023	2023-2024
Harvest	122	116	113
Imports	1	1	1
Exports Beans + Meal	70	67	61
Ending Inventory	7	7	9

As a result of much higher production in Argentina, world ending stocks will be higher this crop year. The current lower prices for soybeans and soybean meal can be expected to persist and even drop further.

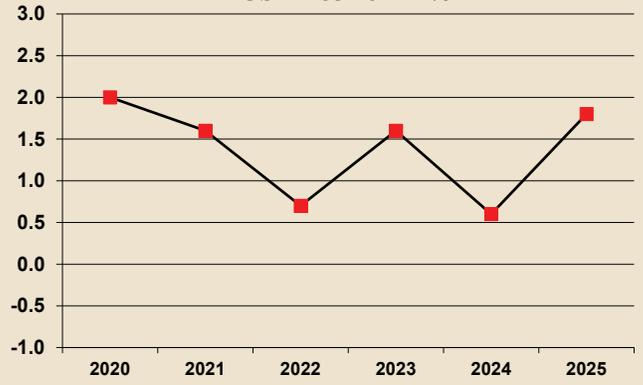
**US Ending Stock of Soybeans
USDA - Millions of Bushels**



**World Ending Stock of Soybeans
USDA - Million Metric Tons**



**Increase in World Broiler Chicken Production
USDA to 2024 - %**

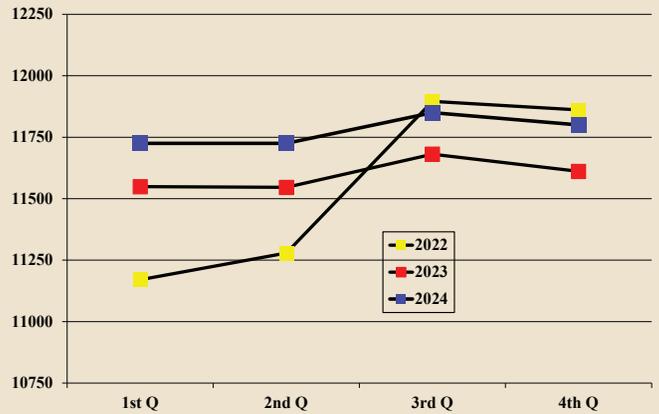


**US Soybeans - USDA - WASDE April
Millions of Bushels**

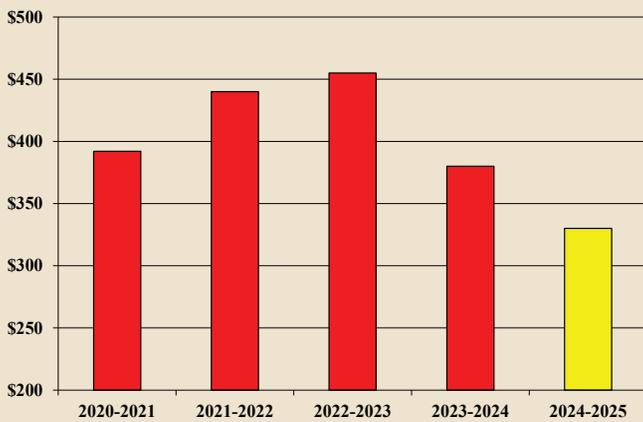
	2021-2022	2022-2023	2023-2024
Harvest	4,465	4,270	4,165
Total Supply	4,738	4,569	4,454
Export	2,158	1,992	1,700
Total Use	4,465	4,305	4,114
Ending Stock Inventory	274	264	340
Meal Price short ton	\$440	\$452	\$380

US production accelerated in late 2022 leading to a sharp decline in wholesale prices. Low prices led to an increase of only 0.4% in 2023. For 2024, the USDA predicts that growth will accelerate to 1.5%. World and US chicken production are both accelerating in 2024.

**US Quarterly Broiler Production
USDA to 2024 - Million Pounds**

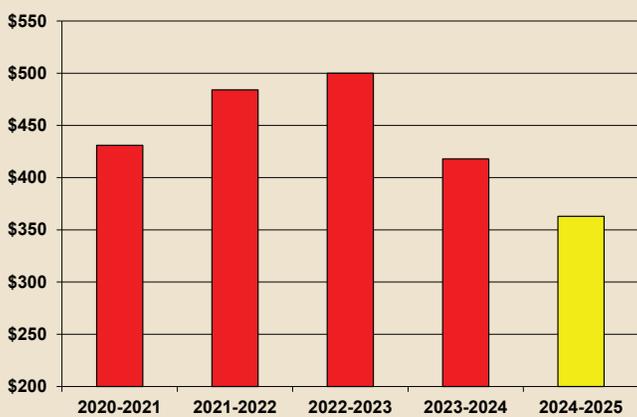


**Average US Crop Year Price of Soybean Meal
USDA to 2023-2024 - Short Ton**

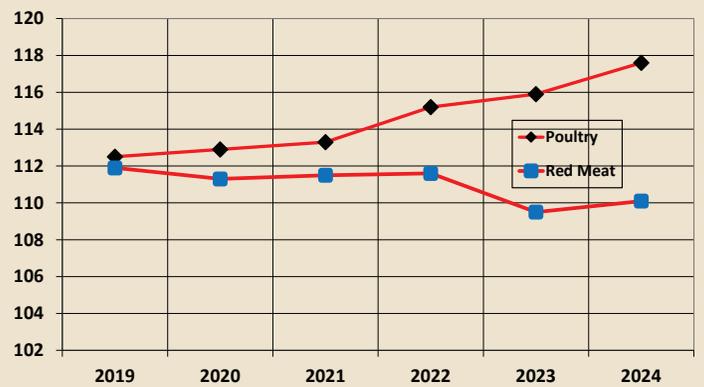


Poultry per capita consumption in the US has been rising recently while red meat per capita declined. Between 2022 and 2024, red meat per capita consumption fell by one pound (1/2 kilo) while poultry consumption rose by two pounds (1 kilo). It is interesting to note that total meat consumption increased only 3.4 pounds (1.5 kilo) from 2019 to 2024. Current trends would indicate that future growth in total red meat consumption per capita in the US will be minimal while total poultry consumption per capita will continue to grow.

**Average US Crop Year Price of Soybean Meal
USDA to 2023-2024 - Metric Ton**



**US Per Capita Consumption of Red Meat and Poultry
USDA to 2024 - Pounds**



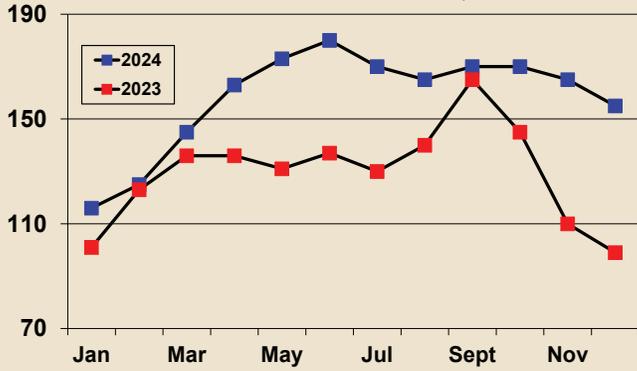
Chicken Industry

Slow growth in the world economy in the first half of this decade, in addition to high grain prices, is reflected in the slow growth of world chicken production. Growth has averaged just over 1% recently, far below the 2% that would be expected. It is likely that growth will accelerate starting in 2025 and return to an average of 2% for the last half of the decade.

Deboned Breast

The spot prices of deboned breast in the US rose surprisingly fast in the first three months of 2024 despite significantly higher chicken production. High prices for competing meats and in particular, pork, helped boost chicken prices. In addition, a relatively robust US economy with low unemployment helped support the price. For the entire year, the average price of deboned breast is likely to be significantly higher than last year.

**Breast B/S - USDA to 2023-2024
National Price - Cents/lb**



Due to the firm demand for chicken and low price of grain, chicken production in the US is currently profitable when calculated using spot prices, and is likely to continue to be profitable throughout the year despite accelerating production.

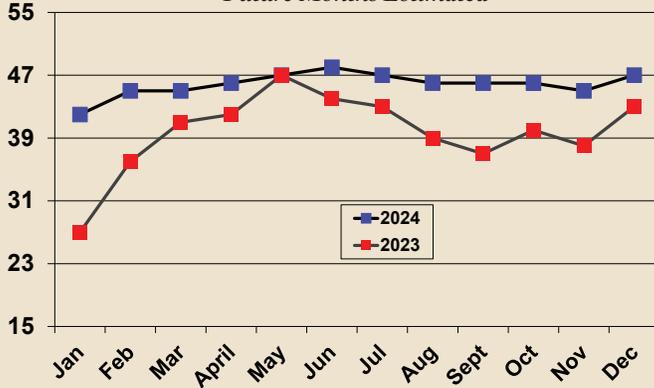
**US Broiler Chicken Industry Profitability
April US Measure**

Frozen Leg Quarters	\$0.46/pound
Deboned Breast	\$1.69/lb
Wings	\$2.29/pound
Chicago Corn	\$4.34/bushel
Soybean Meal	\$344/Short Ton
Total Wholesale Cost per pound	\$1.01
Revenue per pound (spot price)	\$1.15
Gain (Loss) per pound	\$0.14

Frozen Leg Quarters for Export

Spot prices for frozen leg quarters are slightly higher than last year. Prices can be expected to continue to be slightly higher than 2023. Trade issues are reducing the potential price of leg quarters.

**Leg Quarter Price - USDA to 2023-2024
Frozen Bulk Export - Cents/lb
Future Months Estimated**



Price series started by USDA in October 2022

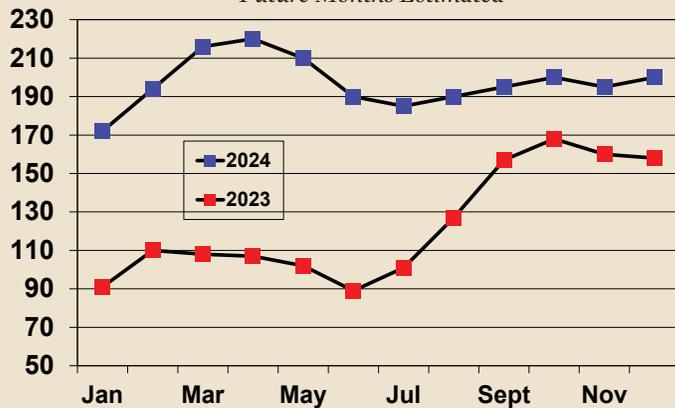
**US Broiler Chicken Industry Profitability
April Metric Measure**

Frozen Leg Quarters	\$1.01/kilo
Deboned Breast	\$3.72/kilo
Wings	\$5.04/kilo
Chicago Corn	\$170/ton
Soybean Meal	\$379/ton
Total Wholesale Cost per kilo	\$2.21
Revenue per kilo (spot price)	\$2.53
Gain (Loss) per kilo	\$0.32

Wings

Wing prices are off to a remarkable start this year. The price is now \$1 per pound (\$2.20 per kilo) higher than last year at this time. Spot prices for wings have soared high above that of deboned breast. Wing prices can be expected to remain high in line with higher deboned breast prices.

**Whole Wing Prices - USDA to 2023-2024
National Price - Cents/lb
Future Months Estimated**



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Dr. Paul Aho is an international agribusiness economist specializing in projects related to the poultry industry and has been a prolific writer in trade journals in both the United States and in Latin America. Dr. Aho now operates his own consulting company called "Poultry Perspective". In this role, he works around the world with poultry managers and government policy makers.

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